

COMMONWEALTH OF VIRGINIA
Department of Environmental Quality
Southwest Regional Office

STATEMENT OF LEGAL AND FACTUAL BASIS

VP No. 3 - Island Creek Coal Company
Route 83, Vansant, Buchanan County, Virginia
Permit No. SWRO10352

Title V of the 1990 Clean Air Act Amendments required each state to develop a permit program to ensure that certain facilities have federal Air Pollution Operating Permits, called Title V Operating Permits. As required by 40 CFR Part 70 and 9 VAC 5 Chapter 80, Island Creek Coal Company has applied for renewal of the Title V Operating Permit for its VP No. 3, Vansant facility. The Department has reviewed the application and has prepared a Title V Operating Permit.

Engineer/Permit Contact: _____

Date: May 30, 2007

Air Permit Manager: _____

Date: May 30, 2007

Deputy Regional Director: _____

Date: May 30, 2007

FACILITY INFORMATION

Permittee

Island Creek Coal Company
P.O. Drawer L
Oakwood, VA 24631

Facility location

VP No. 3
State Route 83
Vansant, Virginia

County-Plant Identification Number: 51-027-00009

SOURCE DESCRIPTION

NAICS Code: 212112 - Coal preparation

The facility cleans and dries coal prior to shipment by railcar. The facility utilizes a thermal dryer to dry coal that is cleaned by the preparation plant, which includes froth flotation and vacuum filtration.

Air emissions from the facility include particulate matter (PM, includes PM-10) from all dry processing units; volatile organic compounds (VOC) from the thermal dryer and preparation plant; and nitrogen oxides (NO_x), sulfur dioxide (SO₂), carbon monoxide (CO) and trace amounts of hazardous air pollutants (HAP) from the thermal dryer.

The facility is a Title V major source of PM-10, NO₂, SO₂, VOC and CO. This source is located in an attainment area for all pollutants.

COMPLIANCE STATUS

The facility has not operated since early 1998. The most recent full compliance evaluation of the facility, including a site visit, was conducted on August 3, 1998. In addition, all reports and other data required by permit conditions or regulations, which are submitted to DEQ, are evaluated for compliance. Based on these compliance evaluations, the facility has not been found to be in violation of any state or federal applicable requirements at this time.

EMISSION UNIT AND CONTROL DEVICE IDENTIFICATION

Emission Unit ID	Stack ID	Emission Unit Description	Size/Rated Capacity	Pollution Control Device (PCD) Description	PCD ID	Pollutant(s) Controlled
S001	Z01	Feeder to Rotary Breaker	1000 TPH	Full Enclosure	D001	PM/PM-10
S002A	Z01	Rotary Breaker	1000 TPH	Full Enclosure	D001	PM/PM-10
S002B	Z01	Crusher	300 TPH	Full Enclosure	D001	PM/PM-10
S003	Z01	Rotary Breaker to Conveyor No. 1	750 TPH	Full Enclosure	D001	PM/PM-10
S004	Z01	Conveyor No. 1 to Raw Coal Silo	750 TPH	Full Enclosure	D002	PM/PM-10
S005	Z01	Raw Coal Silo to Conveyor No. 2	750 TPH	Full Enclosure	D002	PM/PM-10
S006	Z01	Conveyor No. 2 to Preparation Plant	750 TPH	Full Enclosure	D003	PM/PM-10
S007C	P002	Thermal Dryer	500 TPH	Venturi Wet Scrubber	D004	PM/PM-10, SO ₂
S008	Z01	Conveyor No. 3 to Conveyor No. 4	600 TPH	Water Spray	D005	PM/PM-10
S009	Z01	Conveyor No. 4 to Clean Coal Stockpile	600 TPH	Water Spray	D006	PM/PM-10
S010	Z01	Clean Coal Stockpile	0.8 Acres	Water Spray	D006	PM/PM-10
S011	Z01	Dozer Grading Clean Coal Stockpile	600 TPH	Water Spray	D006	PM/PM-10
S012	Z01	Dozer Loading Stockpile Hopper	300 TPH	Water Spray	D006	PM/PM-10
S013	Z01	Stockpile Hopper to Conveyor No. 4	300 TPH	Partial Enclosure	D007	PM/PM-10
S014	Z01	Conveyor No. 4 to Conveyor No. 5	550 TPH	Full Enclosure	D005	PM/PM-10
S015	Z01	Conveyor No. 5 to Rail Car Loadout	550 TPH	Partial Enclosure	D008	PM/PM-10

Emission Unit ID	Stack ID	Emission Unit Description	Size/Rated Capacity	Pollution Control Device (PCD) Description	PCD ID	Pollutant(s) Controlled
S017	Z01	Rail Car Loading through Telescopic Chute	550 TPH	Telescopic Chute	D009	PM/PM-10
S018	Z01	Crusher to Conveyor No. 6	300 TPH	Full Enclosure	D001	PM/PM-10
S019	Z01	Conveyor No. 6 to Refuse Bin	300 TPH	Partial Enclosure	D010	PM/PM-10
S020	Z01	Conveyor No. 6 to Conveyor No. 7	300 TPH	Partial Enclosure	D010	PM/PM-10
S021	Z01	Conveyor No. 7 to Mountain Top Refuse Bin	300 TPH	Partial Enclosure	D011	PM/PM-10
S022	Z01	Loading Refuse Trucks through Stationary Chute	300 TPH	Chute No. 1	D012	PM/PM-10
S023	Z01	Truck Dumping Refuse onto Ground	300 TPH	N/A	N/A	N/A
S024	Z01	Dozer Grading Refuse Pile	300 TPH	N/A	N/A	N/A
S025	Z01	Refuse Bin Chute Dumping onto Ground	300 TPH	N/A	N/A	N/A
S026	Z01	Loading Refuse Trucks by Endloader	300 TPH	N/A	N/A	N/A
S027	Z01	Dozer Loading Stockpile Loadout Feeder	250 TPH	Partial Enclosure	D014	PM/PM-10
S028	Z01	Feeder to Stockpile Loadout	250 TPH	Partial Enclosure	D015	PM/PM-10
S029	Z01	Rail Car Loading through Stationary Chute	250 TPH	Chute No. 2	D016	PM/PM-10
S030	Z01	Unpaved Roads	72,927 VMT	Water Spray	D017	PM/PM-10

VMT = Vehicle Miles Traveled

EMISSIONS INVENTORY

A copy of the permit renewal application emission inventory is included in the application. Emissions are summarized in the following table:

1997 Actual Emissions	Criteria Pollutant Emission in Tons/Year				
	VOC	CO	SO ₂	PM-10	NO _x
Total	40.93	135.01	110.08	46.42	147.47

EMISSION UNIT APPLICABLE REQUIREMENTS

Thermal Dryer - S007C - McNally #8 Flow Dryer

Limitations

The facility was constructed prior to 1972 and there have not been any subsequent installations or modifications to the facility. The following Virginia Administrative Codes that have specific emission requirements have been determined to be applicable:

- a. Article 4 of Title 9, Section 5, Chapter 40, Existing Stationary Sources, Emission Standards for General Process Operations. 9 VAC 5-40-280 B.1.a. limits sulfur dioxide emissions from combustion installations in accordance with the following equation: $S = 2.64K$, where S equals the allowable emission of sulfur dioxide expressed in lbs/hr, and K equals the actual heat input at total capacity expressed in Btu $\times 10^6$ per hour. Actual heat input at total capacity of the thermal dryer is 156 Btu $\times 10^6$ per hour. Therefore, a sulfur dioxide emission limit of 411.84 lb/hr applies to the thermal dryer.
- b. Article 15 of Title 9, Section 5, Chapter 40, Existing Stationary Sources, Emission Standards for Coal Preparation Plants. 9 VAC 5-40-1980 A.1. limits particulate emissions from a thermal dryer with a process weight rate of 200 tons/hr or more to no more than 105 lb/hr.

Article 15 references Article 1 of Chapter 40 for the limit of Visible Emissions and Fugitive Dust Emissions. The only specific requirement is for the visible emissions:

- a. Standard for visible emissions: 20% and 60% for any one 6-minute period in any one hour.

There is a standard for fugitive emissions that specifies controlling the generation of fugitive emissions by various workplace type standards.

Monitoring

An annual inspection of each cyclone shall be conducted by the permittee to insure structural integrity.

The facility is a major source subject to Title V permitting and therefore subject to 40 CFR Part 64 – Compliance Assurance Monitoring (CAM). An emission unit is subject to CAM if it meets all of the following criteria on a pollutant-by-pollutant basis:

- a. Emits or has the potential to emit uncontrolled quantities of one or more regulated air pollutants at or above major source levels,
- b. Is subject to one or more emissions limitations for the regulated air pollutants for which it is major before control, and
- c. Uses an add-on control device to achieve compliance with the emissions limitations.

The thermal dryer is the only emission unit currently at VP No. 3 that meets all the above criteria as follows:

- a. The thermal dryer emits uncontrolled quantities of PM, PM-10, NO_x, SO₂, VOC and CO above major source levels,
- b. The thermal dryer is subject to the PM emission limit of 105 lb/hr as indicated by 9 VAC 5-40-1980.A, and
- c. The thermal dryer uses a venturi scrubber to comply with the PM emission limit.

Because the thermal dryer meets the above criteria only when considering PM, CAM is required only for PM. While the venturi scrubber provides some control (about 44% according to the applicant) of SO₂ emissions from the thermal dryer, it is not used to comply with the SO₂ emission limit. Therefore, CAM does not apply to SO₂ emissions from the thermal dryer. The applicant submitted CAM information as required by 40 CFR 64.5, Deadlines for Submittals.

The permit contains requirements for installation of the following:

- a. A monitoring device for the temperature of the gas at the exit of the thermal dryer;
- b. A monitoring device for the measurement of the pressure loss through the venturi constriction of the control device; and

- c. A monitoring device for the measurement of the water supply pressure to the control equipment.

The permit contains requirements to monitor, operate, calibrate and maintain the above-listed devices according to the CAM plan proposed by the applicant and summarized in the following table:

Thermal Dryer Compliance Assurance Monitoring Plan

	Indicator No. 1	Indicator No. 2	Indicator No. 3
I. Indicator	Exhaust Gas Temperature	Pressure Loss	Water Supply Pressure
A. Measurement Approach	Temperature probe	Differential pressure gage	Pressure gage
II. Indicator Range	To be established during initial performance tests	An excursion is defined as a pressure loss through the scrubber of less than 28 inches water column	An excursion is defined as a water supply pressure of less than 25 pounds per square inch gage
III. Performance Criteria			
A. Data Representativeness	The temperature probe monitors the temperature of the gas at the exit of the thermal dryer	The differential pressure gage monitors the static pressures upstream and downstream of the scrubber's venturi throat	The water pressure gage monitors water supply pressure to the scrubber. The gage is to be located close to the water discharge point.
B. Verification of Operational Status	The monitoring device shall be installed and calibrated according to manufacturer's recommendations prior to initial performance tests	The monitoring device shall be installed and calibrated according to manufacturer's recommendations prior to initial performance tests	The monitoring device shall be installed and calibrated according to manufacturer's recommendations prior to initial performance tests
C. QA/QC Practices and Criteria	The device is to be certified by the manufacturer to be accurate within $\pm 3^{\circ}$ Fahrenheit and calibrated annually based on the manufacturer's recommendations	The device is to be certified by the manufacturer to be accurate within ± 1 inch water gage and calibrated annually based on the manufacturer's recommendations	The device is to be certified by the manufacturer to be accurate within $\pm 5\%$ of design water supply pressure and calibrated annually based on the manufacturers recommendations
D. Monitoring Frequency	Measure continuously	Measure continuously	Measure continuously
E. Data Collection Procedures	Record continuously on a chart recorder	Record continuously on a chart recorder	Record continuously on a chart recorder
F. Averaging Period	None	None	None

The indicators to be monitored reflect the performance of the venturi scrubber and thermal dryer. The range of operation for the scrubber pressure drop and the scrubber water supply pressure indicators are based on manufacturer design. The thermal dryer exit gas temperature range will be determined during future performance tests. The permit contains requirements for performance tests for particulate emissions from the thermal dryer when the dryer is re-started and then once every two years. Performance test data will be used to verify the accuracy of each indicator range so that ongoing compliance with the PM emission limit can be reasonably assured. Operation of the thermal dryer and venturi scrubber so that each indicator is maintained within the appropriate range will provide a reasonable assurance of compliance with the PM emission limit. The monitoring proposed in the Compliance Assurance Monitoring plan is the same as that required by 40 CFR Part 60, Subpart Y, Standards of Performance for Coal Preparation Plants.

The permit contains conditions requiring the permittee to conduct monitoring in accordance with 40 CFR 70.6(a)(3)(i) and 40 CFR 64.6(c).

The permit contains a requirement for weekly visual observations of the thermal dryer exhaust stack. If visible emissions are present during any of the observations, a six-minute visible emission evaluation must be performed in accordance with 40 CFR 60, Appendix A, Method 9. If during the six minutes, any readings above 20% opacity are noted, a one-hour Method 9 VEE is required. A Method 9 evaluation will not be required if the visible emissions condition is corrected as expeditiously as possible such that no visible emissions exist; the emissions unit is operating at normal conditions; and, the cause and corrective measures taken are recorded. This will satisfy the periodic monitoring requirement for the visible emission limitation included in the permit.

The emissions from the facility are not likely to exceed the emission standards listed above. With proper operation of the equipment and associated controls, the thermal dryer will not exceed the hourly emission limitations. Attachment A contains a comparison of thermal dryer particulate matter and sulfur dioxide emissions as indicated by the most recent stack test data to the particulate matter and sulfur dioxide emission limits. This comparison indicates compliance can be predicted. Throughput and hours of operation records will be required.

Recordkeeping

The permit includes requirements for maintaining records of all monitoring and testing required by the permit. These records include but are not limited to the following:

- a. Monitoring data, monitor performance data, monitor maintenance and corrective actions for each thermal dryer exit gas temperature probe, venturi scrubber differential pressure gage and the venturi scrubber water supply pressure gage;
- b. Monthly and annual production of dried coal from the thermal dryer. Annual production shall be calculated monthly as the sum of each consecutive 12-month period;
- c. Monthly and annual consumption of coal by the thermal dryer. Annual consumption shall be calculated monthly as the sum of each consecutive 12-month period;

- d. Performance tests;
- e. Results of the weekly visual observations of the thermal dryer exhaust stack and any visible emissions evaluations; and
- f. Results of the annual inspections of the cyclone.

Testing

The permit contains requirements to conduct a performance test for particulate matter and sulfur dioxide emissions from the thermal dryer exhaust within 180 days of start-up of the thermal dryer and then once every two years, thereafter. Performance testing provides additional assurance of compliance with the PM and SO₂ emission limits and maintains an accurate range of operation for each indicator monitored through the CAM plan.

The Department and EPA have authority to require testing not included in this permit if necessary to determine compliance with an emission limit or standard.

Reporting

In addition to the information included in the semi-annual monitoring report required by the Recordkeeping and Reporting section in the General Conditions of the Title V permit, the semi-annual monitoring report shall also include the following:

- a. Summary information on the number, duration and cause (including unknown cause, if applicable) of excursions or exceedances, as applicable, and the corrective actions taken; and
- b. Summary information on the number, duration and cause (including unknown cause, if applicable) for monitor downtime incidents (other than downtime associated with zero and span or other daily calibration checks, if applicable).

The permit includes requirements to report date of anticipated and actual re-start of the thermal dryer.

Streamlined Requirements

There are no streamlined requirements.

Facility-wide Requirements

Limitations

The permit includes the coal processing and cleaning equipment as the facility-wide equipment.

The coal processing and cleaning equipment is subject to 9 VAC 5, Chapter 40, Article 15, Emission Standards for Coal Preparation Plants. There are no emission limits for the coal processing equipment, only references to the normal existing rules for visible emissions, fugitive emissions and others.

Monitoring

The monitoring requirements included in the permit meet Part 70 requirements.

The permit contains a requirement for weekly visual observations of the coal processing equipment. If visible emissions are present during any of the observations, a six-minute visible emission evaluation must be performed in accordance with 40 CFR 60, Appendix A, Method 9, on the emissions unit. If during the six minutes, any readings above 20% opacity are noted, a one-hour Method 9 VEE is required. A Method 9 evaluation will not be required if the visible emissions condition is corrected as expeditiously as possible such that no visible emissions exist; the emissions unit is operating at normal conditions; and, the cause and corrective measures taken are recorded. This will satisfy the periodic monitoring requirement for the visible emission limitation included in the permit.

Recordkeeping

The permit includes requirements for maintaining records of all monitoring and testing required by the permit. These records include visible emission observations and evaluations.

Testing

The permit does not require source tests specific to facility-wide equipment. The Department and EPA have authority to require testing not included in this permit if necessary to determine compliance with an emission limit or standard.

Reporting

Facility-wide reporting requirements are discussed in the General Conditions section below.

Streamlined Requirements

There are no streamlined requirements.

GENERAL CONDITIONS

The permit contains general conditions required by 40 CFR Part 70 and 9 VAC 5-80-110 that apply to all Federal-operating permitted sources. These include requirements for submitting semi-annual monitoring reports and an annual compliance certification report. The permit also requires notification of deviations from permit requirements or any excess emissions.

Comments on General Conditions

B. Permit Expiration

This condition refers to the Board taking action on a permit application. The Board is the State Air Pollution Control Board. The authority to take action on permit application(s) has been delegated to the Regions as allowed by §2.1-20.01:2 and §10.1-1185 of the *Code of Virginia*, and the “Department of Environmental Quality Agency Policy Statement No. 2-2003”.

F. Failure/Malfunction Reporting

Section 9 VAC 5-20-180 requires malfunction and excess emission reporting within four hours of discovery. Section 9 VAC 5-80-250 of the Title V regulations also requires malfunction reporting; however, reporting is required within two days. Section 9 VAC 5-20-180 is from the general regulations. All affected facilities are subject to section 9 VAC 5-20-180 including Title V facilities. Section 9 VAC 5-80-250 is from the Title V regulations. Title V facilities are subject to both sections. A facility may make a single report that meets the requirements of 9 VAC 5-20-180 and 9 VAC 5-80-250. The report must be made within four daytime business hours of discovery of the malfunction.

U. Malfunction as an Affirmative Defense

The regulations contain two reporting requirements for malfunctions that coincide. The reporting requirements are listed in sections 9 VAC 5-80-250 and 9 VAC 5-20-180. The malfunction requirements are listed in General Condition U and General Condition F. For further explanation see the comments on general condition F.

Y. Asbestos Requirements

The Virginia Department of Labor and Industry under Section 40.1-51.20 of the Code of Virginia also holds authority to enforce 40 CFR 61 Subpart M, National Emission Standards for Asbestos.

STATE-ONLY APPLICABLE REQUIREMENTS

The following Virginia Administrative Codes have specific requirements only enforceable by the State and have been identified as applicable by the applicant:

- a. Article 2 of Title 9, Section 5, Chapter 40, Existing Stationary Sources, Emission Standards for Odor.

FUTURE APPLICABLE REQUIREMENTS

Island Creek Coal Company did not identify any future applicable requirements in their application, and DEQ is unaware of any future requirements that may apply during the life of the Title V permit.

INAPPLICABLE REQUIREMENTS

40 CFR 60, Subpart Y, New Source Performance Standards for Coal Preparation Plants does not apply since the facility was constructed prior to the effective date of October 24, 1974.

INSIGNIFICANT EMISSION UNITS

The insignificant emission units are presumed to be in compliance with all requirements of the Clean Air Act as may apply. Based on this presumption, no monitoring, recordkeeping or reporting shall be required for these emission units in accordance with 9 VAC 5-80-110.

Insignificant emission units include the following:

Emission Unit No.	Emission Unit Description	Citation ¹ (9 VAC)	Pollutant Emitted (5-80-720 B.)
INS-01	Storage Tanks	5-80-720 B.2	VOC
INS-02	Emergency Dryer Bypass	5-80-720 B	VOC, NO _x , SO ₂ , PM-10, CO
INS-03	Rock Dust Silo	5-80-720 B.1	PM-10
INS-04	Magnetite Silo	5-80-720 B.1	PM-10
INS-05	Thermal Dryer Pre-Igniter	5-80-720 B	VOC, NO _x , SO ₂ , PM-10, CO
S007A	Froth Flotation	5-80-720 B.2	VOC, NO _x , SO ₂ , PM-10, CO
S007B	Vacuum Filtration System	5-80-720 B.2	VOC, NO _x , SO ₂ , PM-10, CO
S007D	Thickener	5-80-720 B.2	VOC, NO _x , SO ₂ , PM-10, CO
S016	Rail Car Loadout Sprays	5-80-720 B.2	VOC, NO _x , SO ₂ , PM-10, CO

¹The citation criteria for insignificant activities is as follows:

9 VAC 5-80-720 B - Insignificant due to emission levels

CONFIDENTIAL INFORMATION

The permittee did not submit a request for confidentiality. All portions of the Title V application are suitable for public review.

PUBLIC PARTICIPATION

A public notice regarding the draft permit was published in the *Virginia Mountaineer* newspaper in Grundy, Virginia on April 26, 2007. The public comment period for the draft permit began on April 27, 2007, and ended on May 26, 2007. A copy of the draft permit and public notice was sent by electronic mail to the U.S. EPA for concurrent review on April 19, 2007. A copy of the public notice was sent to the affected states, including West Virginia, Kentucky, North Carolina and Tennessee by postal mail on April 19, 2007. A copy of the public notice was sent to all persons on the Title V mailing list by e-mail, fax or letter no later than the date of publication.

No comments were received from the public, affected states or the U.S. EPA regarding the draft/proposed permit.

Attachment A

VP No.3 - Island Creek Coal Company, Registration No. 10352 Thermal Dryer Particulate and Sulfur Dioxide Emissions

Particulate and sulfur dioxide emissions from the VP No. 3 thermal dryer will be compared to applicable emission limits for a compliance determination. According to the permittee, the most recent emissions sampling that included particulate matter and sulfur dioxide was conducted on the VP No. 3 thermal dryer from October 7 to October 9, 1997. The thermal dryer consists of a pulverized coal-fired furnace with a fluidized bed dryer. The system was designed by the McNally Corporation. Particulate emissions are controlled by a Flex-Kleen High-Energy Flooded Disc scrubber.

Particulate matter (PM) concentrations were determined as outlined in EPA Method 5. Four tests for particulate matter were conducted while the dryer was operating. Test results are summarized as follows:

	<u>Run 1</u>	<u>Run 2</u>	<u>Run 3</u>	<u>Run 4</u>
PM, grains/dscf	0.01	0.006	0.011	0.009
PM, lb/MMBtu	0.16	0.11	0.19	0.14
PM, lb/hr	14.7	8.9	15.8	12.5

Where: grains/dscf = grains per dry standard cubic foot,
lb/MMBtu = pounds per million British thermal units, and
lb/hr = pounds per hour.

Since the thermal dryer was constructed prior to 1972 with no subsequent modifications, the requirements of Article 15 of Title 9, Section 5, Chapter 40, Emission Standards for Coal Preparation Plants are applicable. The particulate emission limit of 105 lb/hr, as indicated by 9 VAC 5-40-1980 A, applies to the VP No. 3 thermal dryer. A comparison of the emission limit indicated by 9 VAC 5-40-1980 A to the maximum emission rate of 15.8 lb/hr from Run 3, indicates compliance can be predicted.

Sulfur dioxide (SO₂) concentrations were determined as outlined in EPA Method 5. Four tests for SO₂ were conducted while the dryer was operating. Test results are summarized as follows:

	<u>Run 1</u>	<u>Run 2</u>	<u>Run 3</u>	<u>Run 4</u>
SO ₂ , grains/dscf	5.08E-06	5.24E-05	5.34E-05	5.16E-05
SO ₂ , lb/MMBtu	0.57	0.63	0.64	0.62
SO ₂ , lb/hr	52	53	53	53

Where: grains/dscf = grains per dry standard cubic foot,
 lb/MMBtu = pounds per million British thermal units, and
 lb/hr = pounds per hour.

Article 15 of Title 9, Section 5, Chapter 40, Emission Standards for Coal Preparation Plants does not indicate an SO₂ emission limit for thermal dryers. Therefore, in accordance with 9 VAC 5-40-240 D, the SO₂ emission limit indicated in Article 4 of Title 9, Section 5, Chapter 40, Emission Standards for General Process Operations is applicable. In accordance with 9 VAC 5-40-280 B.1.a, the SO₂ emission limit for the thermal dryer at the VP No. 3 facility is 411.84 lb/hr. A comparison of the emission limit indicated by 9 VAC 5-40-280 B.1.a to the maximum emission rate of 53 lb/hr measured during the stack test indicates compliance can be predicted.